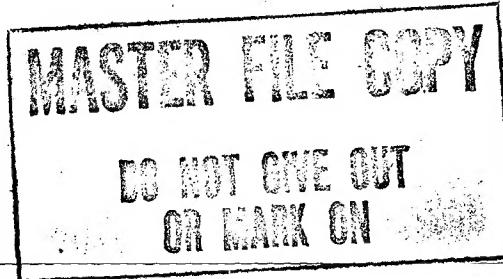




Directorate of
Intelligence



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East Germany: A Political Prognosis

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An Intelligence Assessment

State Dept. review completed

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EUR 83-10129C

May 1983

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East Germany: A Political Prognosis

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An Intelligence Assessment

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This paper was prepared by [redacted] Office of European Analysis. It was coordinated with the Directorate of Operations and the National Intelligence Council. Comments and queries are welcome and may be directed to the Chief, East European Division, EURA, [redacted]

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**East Germany:
A Political Prognosis**

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Key Judgments*Information available
as of 31 March 1983
was used in this report.*

Virtually immune to societal unrest for decades, East Germany has entered what we believe is a period of increasing ferment. Since the late 1970s—and especially over the past 12 months—consumers have become more assertive in protesting increasingly evident shortages. At the same time, young people have become more rebellious, an attitude that has led to increased delinquency and youth crime, greater job dissatisfaction, and a growing attraction to idealistic causes. Although the level of discontent is low compared with Poland during Solidarity's heyday, it marks a sharp departure from the traditional acquiescent behavior of East Germans.

The populace was long thoroughly cowed by the regime's pervasive security and party apparatus. The regime gave high priority to internal order because of its insecurity over governing the weaker, less legitimate half of the German nation. The brutal suppression of workers' riots in 1953, the construction of the Berlin Wall in 1961, and the continued presence of 400,000 Soviet troops convinced many East Germans that protest was futile. Beginning in the 1970s, the new regime of Erich Honecker tried to go beyond sole reliance on coercion and win greater acceptance by improving the standard of living.

The new assertiveness seems largely to stem from the dashed expectations of a populace accustomed to increases in the standard of living. Consumer gains have slowed during the last three to five years as the regime responded to its mounting economic problems by imposing domestic austerity measures. Unrest in Poland apparently helped encourage grumbling as many East Germans enjoyed seeing a Communist regime in disarray. The regime's willingness to tolerate some complaining as a safety valve seems only to have encouraged more discontent.

Young East Germans in particular appear to expect the relative prosperity they knew in the 1970s. Moreover, they are repelled by authority—perhaps even more than rebellious Western youth—because of the totalitarian regime's endless demands for conformity. Their involvement in Eastern Europe's only spontaneous peace movement—the first grassroots political movement in East Germany—is a dramatic way of resisting regimentation, in this case expanded military training. The number of young men willing to risk imprisonment by refusing military service is small but steadily growing. Furthermore, we believe that the peace movement is helping to erode discipline in the armed forces.

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The regime is trying to counter the new societal ferment with its traditional mix of persuasion and coercion. Party leaders have shifted around consumer goods to dampen discontent and sought to siphon off pacifist sentiment into a "peace movement" directed by the official youth organization. At the same time, the authorities are increasing pressure on peace activists and their church supporters and making the police more prominent in factories and stores. We expect this societal ferment, nonetheless, to grow, especially as East Germany's economic problems mount. The austerity measures—necessary because of the large foreign debt and the end of cheap Soviet raw materials and easy Western credits—virtually ensure that the regime cannot sustain its all-important "Consumer Communism." Furthermore, the regime's renewed emphasis on regimentation is likely only to intensify discontent.

We believe that the continuing economic and political problems will sharpen friction also between party and government officials over proper policies—including the desirability of economic reform—and widen the gap between the Old Guard top leadership and younger, better educated functionaries.

In the near term, we believe the regime's readiness and ability to crack down will keep East Germany from becoming a major crisis point in Eastern Europe. But such a course may prove counterproductive over the longer term. Repression will undermine the leadership's long-term goal of public acceptance, contribute to the downward economic spiral, and wreck any hope for economic reform. In the end, the high costs of repression might strengthen the hand of those—including younger, technocratic elements in the party—who call for a more pragmatic approach.

In foreign affairs, the regime's anxiety over domestic problems is likely to make it more prickly in dealing with the West, especially West Germany. An insecure regime intent on domestic repression may also act more assertively in areas directly affecting US interests—such as Allied access rights in Berlin.

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East Germany: A Political Prognosis

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Three incidents over the past six months highlight what we believe is increased discontent within the East German populace:

- Last November, workers in a Berlin factory taunted party officials who were trying to justify increasingly evident consumer goods shortages.
- Many East Germans, according to US Embassy sources, reacted to word of an attempted assassination of party leader Erich Honecker on New Year's Eve—the first known attempt on an European Communist leader's life—by praising the would-be assassin. The assailant's alleged motive—outrage over the party elite's privileged lifestyle—evidently struck a responsive chord.
- Representatives of over 40 local peace groups met in East Berlin in March in the first major attempt to organize the nonofficial peace movement. Some militants plan what one has called a more "action-oriented" meeting later in the spring.

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Although these incidents neither threaten the regime's existence nor portend dramatic upheavals in the near future, they illustrate, in our view, a degree of societal ferment in East Germany not evident for the last 30 years. Furthermore, we believe that such actions are causing increasing concern within the regime.

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Reputation for Stability

East Germany, or the German Democratic Republic (GDR), has long appeared to Western observers to be one of the most stable countries in Eastern Europe. Except for the brief worker riots of June 1953, the East Germans have shown no inclination to take to the streets as, for example, the neighboring Poles have done frequently. The brutal suppression of the 1953 uprising convinced East Germans for many years, we believe, of the futility of protest. Construction of the Berlin Wall in 1961 further sapped the will to resist. East Germans were disappointed that the Western Allies failed to prevent the isolation of East Berlin and

were frustrated over the interdiction of their easy escape route to the West. The regime's longstanding practice of expelling the most troublesome dissidents to the West also discouraged the formation of any organized opposition. Finally, the continued presence in the GDR of 400,000 Soviet troops has been an important deterrent to protest. Knowledgeable Western observers, including US Embassy officers, have said that most East Germans, while contemptuous of the Soviets, respect Moscow's military strength and consider Soviet troops the ultimate guarantor of the East German regime.

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The regime has always given highest priority to internal security and maintaining order because of its location on the "front line" of the Warsaw Pact and in direct contact with West Germany. Party leaders have long been well aware of the difficulties of competing with the larger, more prosperous Federal Republic of Germany (FRG). The regime knew well—as its defensive propaganda repeatedly makes clear to us—that the average East German continued to view the FRG as the "real" Germany. The attempt—reported by Amnesty International and other human rights organizations—by at least 100,000 East Germans to renounce their citizenship and emigrate to West Germany in the wake of the Helsinki Accords in 1975 provided a jarring reminder that, after almost 30 years in power, the regime still lacked legitimacy with much of the populace.

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The leadership of the East German Communist party (SED) has been united and tough minded in pursuit of this basic goal of maintaining order, despite the differing styles of the two party leaders who have run the country so far. Walter Ulbricht ruled with an iron hand for more than 20 years, constructing a Stalinist-type party and brooking no opposition to his strict authoritarian methods. Erich Honecker [redacted] has stressed collegiality within the top leadership. We believe that Honecker—
Ulbricht's former security chief—is just as tough as

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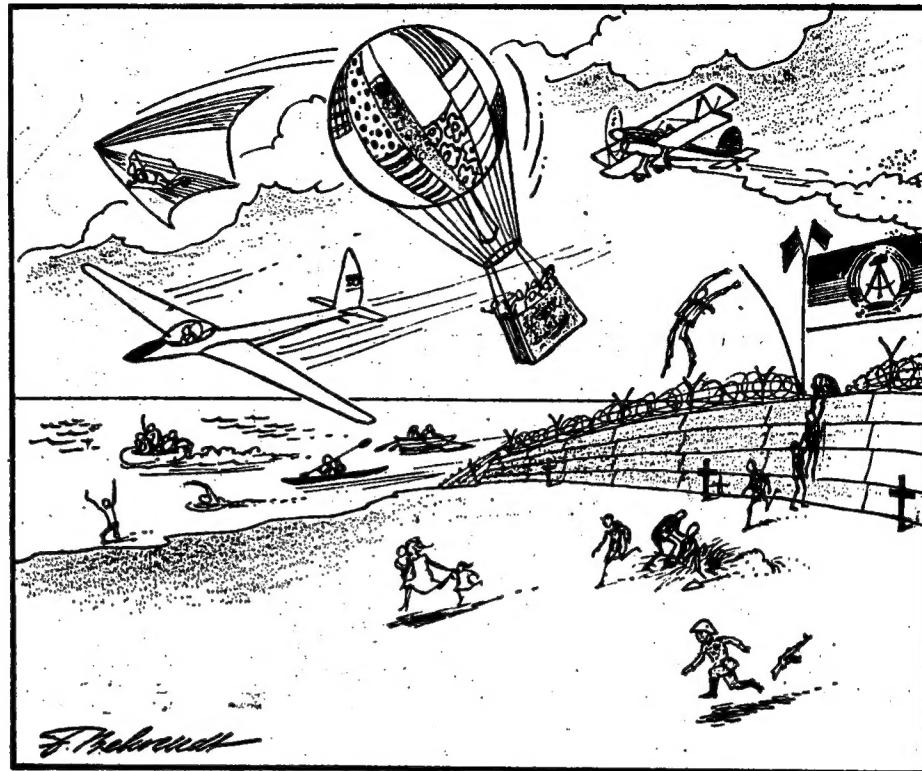
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Most East Germans have never accepted the GDR as a legitimate country, and many try to escape by any means. [redacted]

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his predecessor and has emphasized collectivity largely to ensure that responsibility for bad or unpopular decisions is widely shared. Honecker's stress on collegiality has helped spark rumors, which periodically appear in the West German press, of factionalism in the top leadership, but we believe these reports are highly exaggerated. They may be part of regime tactics for dealing with West Germany: many tales cast Honecker as an advocate of better relations with Bonn who must be supported by West German concessions if intra-German relations are to thrive. [redacted]

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The leadership has relied on massive security forces and an extensive party apparatus to enforce its will. In addition to the ordinary uniformed police, a workers' militia, and militarized police units, there is a pervasive secret police network, comprising by our estimate 17,000 officers and 100,000 informers. A thousand-man Central Committee staff in East Berlin directs a party machine of 50,000 full-time and 300,000 unpaid, part-time functionaries. The party bureaucracy is only the most visible and important part of a party that has over 2 million members, 20 percent of the

adult population. The party's oversight of society was intensified in 1963, when it was reorganized by function rather than territory. Large, specialized staffs were established at each administrative level to deal with key areas such as industry, agriculture, and ideology.¹ [redacted]

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During the 1970s the party bureaucracy increasingly sought to make its presence felt everywhere as problem spotter and solver. In the economic sphere, for example, better educated party staffs used the network of party organizations in factories to ensure implementation of central directives and to improve the flow of information in both directions. [redacted]

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¹ These figures are the standard estimates from scholarly studies by East German experts in the FRG and elsewhere [redacted]

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substitute technical prowess and efficiency for economic reform. The entire top leadership has, in our view, seemed little disposed to consider seriously any of the notions of reform which are now abroad elsewhere in Eastern Europe. [redacted]

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Since the early 1970s, the regime has come to regard the provision of a constantly rising standard of living as an increasingly important "carrot" to supplement the "stick" wielded by the party and security apparatuses. Party leader Honecker publicly proclaimed consumerism as his highest domestic priority after succeeding Ulbricht in 1971, and since then the regime has relied on this course as its chief means to gain legitimacy among the populace. The East German "economic miracle" had produced by the mid-1970s the highest standard of living of any Communist country, higher than several West European nations. Relatively cheap Soviet raw materials and energy were key elements in the "Consumer Communism" the regime sought to construct. So too were the benefits to the regime when it moved to improve ties with Bonn after 1970. Not only did the GDR gain access to favorable credits and trade terms, but the regime also annually received hard currency payments we estimate at roughly \$1 billion for such things as transit fees to Berlin and ransom for political prisoners. [redacted]

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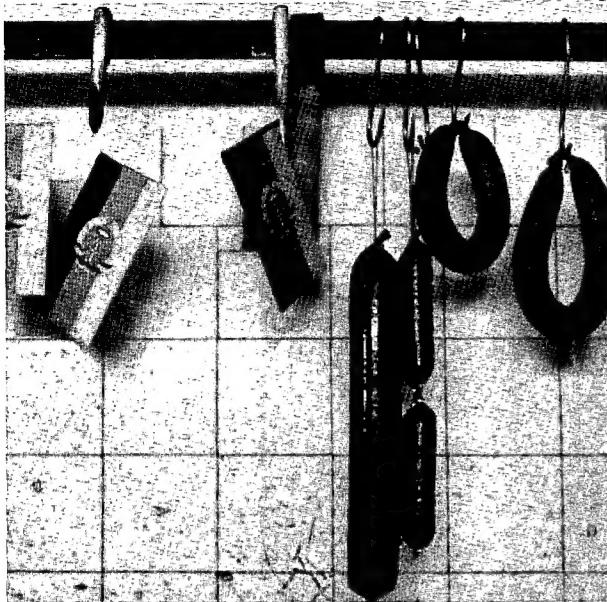
The regime has sought to sustain this relative economic prosperity within a system that gives priority to maintenance of political control. In the mid-1960s East Germany's only experiment with economic reform and decentralization was halted by then party leader Walter Ulbricht who, in our view, feared that easing central controls might threaten his personal political power. Honecker has gone even further in reasserting central political control of the economy by implementing the *Kombinat*² system, which tries to

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² The approximately 130 *Kombinate*—industrial trusts which group together related enterprises—account for virtually all of East Germany's industrial output. [redacted]

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More flags and fewer sausages. East Germans have come to expect their high standard of living, and they resent the increasingly evident shortages.

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Young East Germans also seem more willing to behave in ways that are unacceptable to the regime:

- About 70 percent of the 4,500 to 5,000 political prisoners in the GDR in 1981 were under the age of 28, according to Western human rights organizations such as Amnesty International. Of these, almost half came from the families of SED members, and most were jailed for trying to escape the country.

• [redacted] there 25X1

has been an unmistakable, continued rise in street crime by youth since the mid-1970s despite increasingly strict laws against "hooliganism" and "parasitic elements."

- Poorly motivated young workers, according to the public complaints of regime officials, account for much of the absenteeism, failure to fill work norms, and on-the-job accidents.

- Young people comprise the bulk of the growing unofficial peace movement—the first grassroots political movement in East Germany's history and the only significant peace movement in Eastern Europe—and are increasingly attracted to other idealistic causes such as environmentalism.

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Aside from frustration over stagnating living standards, the populace may have been roused by events in Poland, despite traditional German antipathy toward Poles and the tendency of many GDR citizens to scorn "disorder." Embassy contacts, for example, make clear that many East Germans vicariously enjoyed seeing the Polish Communist regime in disarray. The regime's toleration of mild consumer grumbling as a safety valve may only have encouraged greater outspokenness. Honecker's leadership style—particularly his effort to contrast his down-to-earth image with Ulbricht's stern aloofness—may also have contributed to the notion that the regime was becoming more tolerant.

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Embassy officers report increasing resentment of the privileged, especially party members who use special connections to secure scarce consumer items or those people who are able to get West German Marks and buy luxury goods in the regime-sponsored hard currency "Intershops."

At the same time, the authorities have also faced increased ferment among a more rebellious youth. East German emigres tell West German interviewers that young adults aged roughly 18 to 24 are much more critical of the system than their elders when they were young. A veteran foreign observer notes, in a recently published book on the GDR, that young people more readily break the taboo of talking about "the Wall," comparing East Germany to a concentration camp and generally conveying a sense of feeling "locked in."

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East German "punkers" lounging in front of the Palast der Republik are a vivid symbol of youth rebelliousness in the GDR.

Although East German youth ferment is part of a worldwide phenomenon—which in the West dates from the late 1960s—it has its own particular roots. Young East German peace activists, for instance, undoubtedly were inspired by West European antinuclear protesters, but international issues are not their main concern. An analysis of their grievances suggests a rebellion primarily against regime efforts to impose strict conformity—most recently increased military training. In addition, some East German youths consider the peace movement as a vehicle to further German reunification. Juvenile delinquency undoubtedly represents another form of alienation from the stifling demands of East Germany's totalitarian state.

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Consumer shortages have probably weighed most heavily on young workers, who knew only the relative prosperity of the 1970s. The country's economic problems have made it more difficult for young East Germans to find attractive jobs, judging by reports of emigres and legal travelers. A government official admitted in a published speech in 1980 that, despite

the regime's emphasis on "scientific-technical progress," about 100,000 young workers with technical training were unable to find suitable work.

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The Peace Movement

The most important form of youth rebellion has been the growing opposition to military service and the advocacy of nuclear disarmament. A small group of conscientious objectors that began demanding alternatives to compulsory military service in early 1981 has grown into a movement—not yet organized nationwide but making steps in that direction in 1983—that has been able to draw as many as 5,000 participants to a single event, despite the presence of security forces. We have no firm figures on the size of the movement, but estimate that 10,000 to 15,000 people may have participated in one or another meeting or workshop sponsored by local peace groups throughout the country.

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The peace movement's continued growth has been aided by support from the normally cautious East German Evangelical (Lutheran) Church, under whose auspices peace activists have been able to meet legally for "religious purposes," even though many of the young people are not communicants. The upsurge in pacifist sentiment among youth has dovetailed with the Church's larger public role and a growing assertiveness on political and social issues by some younger clergy. The Church's decentralized structure has given local Church militants more opportunities for action, which, in turn, has forced the cautious hierarchy to be more supportive. Although many Lutheran Church leaders are anxious to avoid a confrontation with the regime that would jeopardize gains made in recent years, the Church shows no sign of withdrawing its support of the peace movement. Church leaders, in our view, probably have come to believe that such support is their moral duty and increases the Church's credibility with the populace, especially the young people.

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The Catholic Church has also come to support the peace movement in response to grassroots pressure and, [redacted] the urging of the Pope. A strongly worded pastoral letter by the East German bishops read from pulpits on 2 January 1983 said pacifists' demands for alternative service were justified. Although the Catholic Church is likely to be very cautious about assisting the peace movement too openly, its continued support would significantly encourage peace activists and take some burden off the Lutheran Church.

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The peace movement, in our view, is becoming the driving force behind what seems to be growing resistance to military service. Peace groups counsel draft-eligible young men on their options to military service and on avoiding service in combat units. The number of young men willing to risk imprisonment by refusing service is small but growing; as of January 1983 we knew [redacted] of 100 draftees or reservists claiming to be pacifists, up from 42 in September 1982. For even one young East German to defy the regime in this manner shows extraordinary courage; publicity could encourage others to resist military service or to join noncombatant units.

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A patch depicting a sword being beaten into a plowshare—based, ironically, on a Soviet statue given to the UN—is the symbol of the nonofficial peace movement. The regime has banned the peace patch, fearing it could become as popular as the Solidarity logo in Poland.

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The peace movement may also be helping erode discipline in the armed forces. The formation of penal units in the Army for the first time in October 1982 suggests disciplinary problems are becoming more troublesome for East German commanders. Moreover, public statements by senior officers during the past year have increasingly stressed the need for more ideological indoctrination of the troops, giving it precedence in some cases over weapons training.

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Officers of the People's Police (VOPO) are conspicuously present wherever young people congregate in public.

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in 1982 that the Soviets had raised a warning finger over shortcomings in discipline.

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Regime Response

We believe that the leadership regards this discontent as a serious problem because of the regime's great insecurity and insistence on total conformity. The leadership's siege mentality was intensified by the onset of the Polish crisis.

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year that the leadership seriously viewed the peace movement—and its effort to establish an identity by adopting an emblem depicting swords being beaten into plowshares—as a potential political opposition similar to Solidarity.

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The SED leadership has reacted to this ferment with its traditional mix of persuasion and coercion. Party leaders have shifted goods to areas of greatest consumer discontent and have made a special effort to boost supplies temporarily for special occasions. In October 1982, Honecker overruled opposition within the Politburo, according to Embassy sources, and ordered increased supplies of meat and other desirable

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The government official responsible for Church affairs frankly told the US Ambassador last

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foodstuffs for the Christmas holidays. [redacted]

And special security forces ended a work stoppage in East Berlin in late 1982, according to [redacted]

Embassy contacts, by promising the prompt delivery of more consumer goods. More recently the authorities—apparently anticipating continued austerity—have been putting more emphasis on coercive measures. [redacted]

the police are conducting more obvious surveillance in factories and in stores. The government is also expanding the Workers' Militia—a paramilitary organization created in factories after the 1953 riots to help maintain order. [redacted]

The regime is trying to nurture its own peace movement, relying on the official youth organization, Free German Youth (FDJ), to organize peace activities that it hopes will siphon off support from spontaneous peace activism. In February 1983 the FDJ staged a large peace rally in Dresden to preempt action by the unofficial peace movement. We believe that such "peace demonstrations," by ignoring Warsaw Pact armaments, are transparent and that East German youths discount them. [redacted]

Since early 1983 the regime has increased pressure on peace activists and their church supporters, according to US Embassy contacts [redacted]

More draft resisters are being jailed, often in the same cells as hardened criminals, and others are being involuntarily expelled. Soon after the Catholic bishops' pastoral letter, East German media harshly attacked critics of the regime's militarization policies, singling out those "directed by Rome." The authorities also upbraided the leading Lutheran bishop for "allowing" publication in the West of a women's open letter to Honecker protesting a law that subjects them to military service during "national emergencies." [redacted]

A combination of foreign and domestic constraints has, in our view, prevented the regime thus far from trying to crush the peace movement outright—as it might have done 10 or 15 years ago. Above all, the GDR wants to avoid actions that embarrass Warsaw



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Pact efforts to cultivate the West European peace movement and to foster opposition this year to INF deployment. Furthermore, Honecker does not want to damage relations with the Lutheran Church hierarchy, which improved after 1978 as he sought to woo the Church away from its connections to West Germany. In particular, the government does not want to jeopardize extensive plans for commemorating the 500th anniversary of Martin Luther's birth this year, celebrations aimed at enhancing regime legitimacy as well as earning badly needed hard currency from Western tourists. [redacted]

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We believe the leadership intends to try to enforce greater discipline among young people over the longer term by making greater use of the military as an instrument of socialization. A revised military service law of May 1982 increases the number of times reservists may be called up, provides for compulsory service for women, and also obligates schools, factories, and social organizations to "prepare" young

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men for military service. Compulsory premilitary training in schools—introduced in 1978 for 15- and 16-year-olds—may also be expanded to include younger boys and girls, even though such training has sparked youths, their parents, and the Lutheran Church to complain to school authorities and petition government officials.

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The authorities also seem to be banking on the official youth organizations to try to play an even larger role in monopolizing the leisure time of the younger generation and instilling more discipline. The Society for Sport and Technology (GST) has the primary goal of preparing the younger generation for military service. The 500,000 members of the GST train in marksmanship, parachuting, and driving heavy vehicles, and bivouac in association with regular troops. The GST offers a way to qualify early for a driver's license, something attractive to many young people.

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The FDJ and its affiliated "Young Pioneers"—which together claim 4 million members, or two-thirds of all children and young adults—have long offered young people many privileges, including travel, recreation, and easier entry into the SED. The FDJ leadership, seeking to appear more responsive to the demands of young people, has become more attentive to solving local grievances such as building youth centers. More important from the regime's viewpoint, the FDJ has created "police helper" units, probably to help combat juvenile delinquency.

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By our assessment, the official youth organizations remain marginally useful tools in the regime's campaign to reassert control over restless young people. The FDJ's best efforts have not touched a hard core of over 30 percent of youth who by the regime's own statistics have not joined the organization. Its inflexible, superannuated leaders seem unable to design programs that would attract young people who have become increasingly sophisticated because of their constant exposure to West German media.

Problems To Continue

We expect societal ferment to continue as East Germany's economic problems intensify. Austerity measures to ease the burden of the foreign debt—which we estimated at nearly \$12 billion at the beginning of

1983—appear to have top priority now,

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The factors that made Honecker's consumerism work for much of the 1970s—relatively cheap Soviet energy and raw materials combined with the ready availability of Western capital—will not be replicated in the 1980s.

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the Soviets continue to insist on higher prices for their raw materials and refuse to pay higher prices for East German products. Many East German contacts of the US Embassy point to Soviet leader Andropov's stress on economic efficiency and discipline and wonder if that presages *inter alia* a Soviet demand that Moscow's East European partners balance trading accounts. Continuing demands by Moscow to improve its terms of trade would severely restrict the SED leadership's efforts to increase domestic consumer supplies.

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Western bankers—made wary by their overexposure in Eastern Europe—show no inclination to resume lending to the GDR, at least in the amounts they provided during the 1970s. East Berlin realizes that if the political climate is right, West German banks would be more willing than other Western banks to extend credits the GDR may need to prevent a liquidity crisis or even, possibly, a humiliating rescheduling of its foreign debt. Moreover, Bonn is the only likely source of capital for the expensive investments the GDR needs to modernize its economy. East Berlin expects that the Christian Democrats will be much tougher negotiators than the Social Democrats and will demand greater political concessions for further economic and financial aid. Honecker, for instance, told the US Ambassador at his farewell call that it was no "state secret" that he would rather deal with the former coalition. We believe there is little chance that East Germany will receive anything like the sums that previously helped sustain its consumer-oriented policies.

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As a result, we think consumers may resort more often to sporadic protests. Disgruntled young people seem likely to take the lead in expressing their unhappiness over the economic situation and in resisting regime efforts to enforce conformity. Enthusiasm among young people for the peace movement shows no signs of abating, and the longer the peace movement operates, the more it could erode one of the regime's chief deterrents—namely, the threat of swift punishment. Many more young people who previously rejected the regime's wooing, and who in their isolation retreated into apathy, might now find new hope and moral support in the peace movement or, increasingly, in the advocacy of environmental issues. These spontaneous initiatives will, at minimum, nurture pluralistic tendencies and accustom increasing numbers of citizens to independent social activism.

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Regime Stresses

We believe that these continuing economic and political problems will intensify underlying stresses within the regime. There already have been signs of conflict among competing interest groups over allocation of increasingly scarce resources.

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The [redacted] resignation of the Minister of Agriculture suggests that he may have been made a scapegoat for deteriorating agricultural production.

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[redacted] a general increase in friction between party and government officials as a consequence of the country's economic difficulties. Several senior economic managers were fired last fall, [redacted] partly for resisting what they considered meddling by party cadres. Top party officials have increasingly stressed the importance of greater party control and increased propaganda exhortation.

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[redacted] partly for resisting what they considered meddling by party cadres. Top party officials have increasingly stressed the importance of greater party control and increased propaganda exhortation.

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[redacted] A leading party ideologue sternly rebuked a well-known economist last summer for advocating in

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an officially sponsored youth magazine a relaxation of the ideological demands on talented university students to allow more technical training.

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Furthermore, recent evidence suggests that the more orthodox SED leaders are increasingly concerned about the political "reliability" of younger, more pragmatic party bureaucrats. For example, in an article last fall in the Central Committee journal for party functionaries, the deputy chief of the powerful Berlin party organization noted with concern that only 10 percent of the leading party officials charged with oversight of the economy had held their positions for longer than 10 years. He expressed the fear that those who had experienced only the more favorable conditions of the 1970s were out of touch with the reliable methods learned by the party during its early struggles. In an attack reminiscent of those on "managerialism" in the mid-1960s, he criticized these leading officials for paying lip-service to the party line and concentrating on "practical matters." The message seems to be that the party must rely on experience, not innovation or reform.

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We believe that these concerns about maintaining orthodoxy and tightening controls reflect a growing gap between the Old Guard party leaders and younger, better educated officials, especially in the government. Our tally of the Central Committee's membership shows that 76 of its 208 members are drawn from the government's technical and managerial ranks—an increase of 37 percent since 1971. The government's experts may enjoy greater perquisites because they belong to the Central Committee, but they remain excluded from real power. The top SED leadership is still composed mainly of elderly men—with backgrounds in security affairs, ideology and propaganda, and party organizational work—who are wary of the increasing number of technocrats. The few technical specialists in the Politburo are nonvoting candidate members. Full Politburo member Mittag is a possible exception, but even he seems to us more politician than technocrat; he has always championed central party authority and occasionally has harshly attacked economic pragmatists.

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Seemingly intractable economic difficulties may help coalesce the vague sentiment for economic reform that we detect among some younger, lower level officials. The most telling criticism of the Honecker practice of dealing with one problem while ignoring or exacerbating others could come from working-level technical and other managerial elite who might argue that the strategy is untenable. The critics could argue that the only way to maintain consumerist policies and to deal with finance and trade problems is through systemic reform that improves investment efficiency, worker productivity, and managerial responsibility. They look to the Soviets to take this lead. Recently, some Embassy contacts in party institutes spoke positively—but perhaps too optimistically—about “real” economic reforms in the Soviet Union. They expect such reforms inevitably would be “duplicated” in the GDR regardless of the conservative party leadership’s preferences.

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Outlook

Even though the SED’s reputation for being comfortably in control is likely to suffer as party leaders struggle to deal with economic and political problems, we do not expect East Germany to become a major crisis point in Eastern Europe. Instead, we anticipate an increasingly neuralgic leadership to tighten down on an increasingly disaffected populace. Anxiety over domestic problems is likely to make party leaders even more prickly regarding relations with the West—especially with the FRG if the regime feels the Kohl government is trying to press for political advantage. The regime may also be more inclined to assertiveness in such sensitive areas as the Western Allies’ access rights to Berlin. It could, for example, increase the harassment of US diplomats at Checkpoint Charlie.

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Over the short term, the party elite should remain united in the pursuit of domestic repression. Such a policy would secure the tight control over society that commands top priority among all party officials—hardliners and would-be reformers alike. And a clampdown could be pressed with relative ease because most of the populace, in our view, would still be easily intimidated by the security forces.

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A clampdown, however, could exact a heavy price on the regime over the longer term. The gap between the rulers and the ruled—especially the younger generation—would widen significantly, undermining the leadership’s long-term goal of public acceptance. It would further depress worker morale and contribute to the downward economic spiral. It could accentuate differences within the party elite and increase pressure for more pragmatism, especially after the Honecker succession. A climate of repression would, in our view, wreck any efforts at major economic reforms, further alienating increasingly large numbers of technocrats.

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The high costs of repression might buttress the arguments of those who call for more pragmatism and increase their influence in the party. Such men might be more inclined to improve relations with the FRG and—to the extent that they were not dependent on the Soviets for their positions—to defend East Berlin’s particular economic and political interests vis-a-vis Moscow more vigorously. At minimum, the rise of those more innovative could increase divisions among party leaders about what overall course to chart. A more innovative top SED leadership—something that we consider possible but not highly likely—would go a long way toward establishing the regime on new, more stable foundations.

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